

AN ORDINANCE

BY FINANCE/ EXECUTIVE COMMITTEE

09-O-1367

AUTHORIZING THE MAYOR OR HER DESIGNEE TO EXECUTE A LEASE WITH ACP PEACHTREE CENTER, LLC FOR THE PURPOSE OF PROVIDING OFFICE SPACE FOR THE DEPARTMENT OF PARKS, RECREATION AND CULTURAL AFFAIRS; AND FOR OTHER PURPOSES.

WHEREAS, the City of Atlanta is in the process of decommissioning the City Hall East building; and

WHEREAS, by the end of calendar year 2009 all operating City departments and agencies are planning to be moved from City Hall East; and

WHEREAS, it would not be cost effective to continue operating City Hall East for the sake of one department; and

WHEREAS, the Department of Parks, Recreation and Cultural Affairs cannot be relocated within an existing City-owned building; and

WHEREAS, The Office of Enterprise Assets Management has conducted a thorough investigation of available office space for lease proximate to City Hall,

THE CITY COUNCIL OF THE CITY OF ATLANTA, GEORGIA, HEREBY ORDAINS, as follows:

SECTION 1: That the Mayor or her designee is hereby authorized to enter into and execute an agreement with ACP Peachtree Center, LLC for the lease of approximately 32,453 square feet of office space on the 16th and 17th floors within the Harris Tower of Peachtree Center, 233 Peachtree Street, Atlanta, 30303, for the Department of Parks, recreation and Cultural Affairs.

SECTION 2: That the lease agreement shall commence upon the issuance of a certificate of occupancy for the subject space or January 1, 2010, whichever is later, and shall have a term of ten (10) years, subject to funding.

SECTION 3: That the quoted rental rate shall begin at \$16.25 per square foot annually for a full-service lease and shall thereafter increase annually at the rate of 2.5%.

SECTION 4: That the lease agreement will not become binding upon the City and the City will incur no obligation or liability under it until it has been executed by the Mayor, attested to by the Municipal Clerk, approved as to form by the City Attorney, and delivered to the contracting parties.

SECTION 5: That all lease payments shall be made from Fund: 1001, Department: 140101, Account: 5223103, Function/Act: 1320000.

SECTION 6: That Chapter 2, Article X, Division 14, Subdivision II, Section 2-1546 of the City of Atlanta Code of Ordinances is hereby waived to the extent that such applies to the lease agreement.

SECTION 7: That all other Ordinances and parts of Ordinances in conflict herewith are hereby waived to the extent of the conflict.

TRANSMITTAL FORM FOR LEGISLATION

TO: MAYOR'S OFFICE

ATTN: GREG PRIDGEON

Dept.'s Legislative Liaison: BHN LAUELLE

Contact Number: X 8620

Originating Department: OEAM

Committee(s) of Purview: Finance/ Executive

Chief of Staff Deadline: 7/14/09

Anticipated Committee Meeting Date(s): 7/29/09; 9/02/09

Anticipated Full Council Date: 9/08/09

Legislative Counsel's Signature: Adrian L. Jackson

Commissioner Signature: _____

Chief Procurement Officer Signature: _____

CAPTION

AN ORDINANCE AUTHORIZING THE MAYOR OR HER DESIGNEE TO EXECUTE A LEASE WITH ACP PEACHTREE CENTER, LLC FOR THE PURPOSE OF PROVIDING OFFICE SPACE FOR THE DEPARTMENT OF PARKS, RECREATION AND CULTURAL AFFAIRS; AND FOR OTHER PURPOSES.

FINANCIAL IMPACT (if any): A lease for 32,453 square feet of office space that will cost approximately \$265,000 in the first year and \$550,000 a year on average over a term of ten years.

Mayor's Staff Only

Received by CPO: _____ Received by LC from CPO: _____
(date) (date)

Received by Mayor's Office: 7/17/09 Reviewed by: 98
(date) (date)

Submitted to Council: _____
(date)

Part II: Legislative White Paper: (This portion of the Legislative Request Form will be shared with City Council members and staff)

A. To be completed by Legislative Counsel: Adrian L. Jackson

Committee of Purview: Finance/ Executive

Caption: AN ORDINANCE AUTHORIZING THE MAYOR OR HER DESIGNEE TO EXECUTE A LEASE WITH ACP PEACHTREE CENTER, LLC FOR THE PURPOSE OF PROVIDING OFFICE SPACE FOR THE DEPARTMENT OF PARKS, RECREATION AND CULTURAL AFFAIRS; AND FOR OTHER PURPOSES.

Council Meeting Date: 8/17 and 9/08/2009

Requesting Dept.: Executive Offices/ Office of Enterprise Assets Management and the Department of Parks, Recreation and Cultural Affairs.

B. To be completed by the department:

1. Please provide a summary of the purpose of this legislation? The purpose of this Ordinance is to authorize the leasing of approximately 32,453 square feet of office space on the 15th and 16th floors of Harris Tower/ Peachtree Center, 233 Peachtree Street, Atlanta, for the Department of Parks, Recreation and Cultural Affairs

2. Please provide background information regarding this legislation. The City is in the process of moving out of City Hall East those departments that remain, including DPRCA. With the completion of the moves into the new Public Safety Headquarters and Public Safety Annex buildings, DPRCA will be the most significant tenant in CHE. However, the cost of operating and maintaining CHE will be prohibitive considering the relatively small amount of space that will be utilized. Therefore, after determining that there was insufficient space within City Hall to relocate DPRCA, the Office of Enterprise Assets Management searched the market for available office space nearby.

After some preliminary research, it was determined that the downtown market offered the amount and type of space, along with the proximity to City Hall, that DPRCA requires. After further research of current market conditions within this market, OEAM sought proposals from five office buildings. After DPRCA and OEAM field-reviewed the actual spaces available, preliminary negotiations were undertaken with the property representatives. Ultimately, negotiations narrowed to two finalists and "best and final" offers were requested of them. Following an analysis of those offers, the Harris Tower offer was selected based on its rental rate, tenant improvement allowance and overall quality of office space.

The basic elements of the proposed lease include:

- 32,453 square feet of space on two floors
- 10-year term, including the ability to cancel in any given year should funds not be appropriated
- A tenant improvement allowance of \$32 per square foot
- The first 24 months' rent at half price
- A full-service lease starting at an annual rate of approximately \$8.13 per square foot (\$265,000 per year) and averaging approximately \$17.00 per square foot (\$550,000 per year) over the 10-year term.
- Direct access to MARTA bus and rail lines.

3. If Applicable/Known:

- (a) **Contract Type:**
- (b) **Source Selection:**
- (c) **Bids/Proposals Due:**
- (d) **Invitations Issued:**
- (e) **Number of Bids:**
- (f) **Proposals Received:**
- (g) **Bidders/Proponents:**
- (h) **Term of Contract:**

4. Fund Deposit Organization & Account: DPRCA, FUND: 1001; DEPARTMENT: 140101; ACCOUNT: 5812004; FUNCTION/ACT: 1320000

5. Source of Funds: General

6. Fiscal Impact: The first year rent cost would be approximately \$263,843, slightly more than the estimated cost to operate CHE for one month.

7. Method of Cost Recovery: NA

This Legislative Request Form Was Prepared By: John Lavelle, x8620.